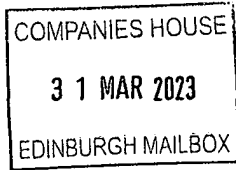
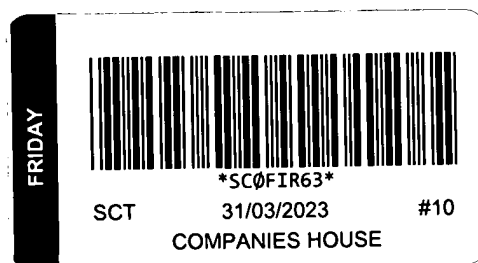


REGISTERED NUMBER: 04923004 (England and Wales)



**Group Annual Report and
Audited Consolidated Financial Statements for the Year Ended 31 March 2022
for
Sirhowy Enterprise Way (Holdings) Limited**



Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

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Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Company Information for the Year Ended 31 March 2022

Directors:

J Gordon
P Hepburn
J McDonagh

Secretary:

Resolis Limited

Registered office:

C/O Dalmore Capital Limited
Watling House - 5th Floor
33 Cannon Street
London
EC4M 5SB

Registered number:

04923004 (England and Wales)

Independent auditor:

Johnston Carmichael LLP
Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

Solicitors:

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Directors' Report for the Year Ended 31 March 2022

The directors present their report with the financial statements of the Company and the Group for the year ended 31 March 2022.

Principal activities

The principal activity of the Company is to act as a holding company of Sirhowy Enterprise Way Limited which has entered into a Concession Agreement for the design, financing and construction of improvements to the A4048/A472 Strategic highway network with the Client, Caerphilly County Borough Council.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Lopez-Simon (resigned 2 March 2023)

J Pritchard (resigned 2 March 2023)

J Gordon (appointed 2 March 2023)

P Hepburn (appointed 2 March 2023)

J McDonagh (appointed 2 March 2023)

Going concern

The Directors have reviewed the Group's forecasts and projections, considering future cash requirements and forecast receipts, which show the Group can continue to meet its debts as they fall due.

The directors have run various stress scenarios which show that the Group can continue to meet all its debt obligations (including covenant compliance and the funding of reserves) in the next 12 months and that it is appropriate to prepare the financial statements on a going concern basis.

Results and dividends

The results of the Group are as set out in the consolidated statement of comprehensive income on page 8.

Ordinary dividends were paid amounting to £781,000 (2021: £825,000). The directors do not recommend a payment of a final dividend.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Employees

The Group has no direct employees (2021: nil).

Qualifying third party indemnity provisions

The Group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial risk management objectives and policies

Liquidity risk

The Group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project, cash flows are reasonably predictable and so this is not a major risk area for the Group.

Interest rate risk

The Group hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap. Interest is recognised on the accruals basis at the appropriate date

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Directors' Report for the Year Ended 31 March 2022

Credit risk

The Group's principal financial assets are cash, financial assets and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board directors this risk is limited as the receivables are with a local government authority.

Lifecycle risk

Lifecycle expenditure is the main risk to the business. The risk being that the allowance for lifecycle costs factored into the financial model is insufficient to cover future lifecycle expenditure, thus resulting in lower profitability and reduced distributions. This risk is mitigated by regular lifecycle reviews undertaken by the management services provider and a detailed lifecycle performed every five years.

Future developments

The Directors are not aware, at the date of the report, of any major changes in the Group's activities next year.

Statement as to disclosure of information to auditors

Each of the directors who held office at the date of approval of this directors' report confirm that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



.....
P Hepburn
Director

28 / 03 / 2023

Date:

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Statement of Directors' Responsibilities for the Year Ended 31 March 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditor's Report to the Members of Sirhowy Enterprise Way (Holdings) Limited
(Registered number: 04923004)**

Opinion

We have audited the financial statements of Sirhowy Enterprise Way (Holdings) Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group annual report has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries by review of submitted returns and board meeting minutes.

**Independent Auditor's Report to the Members of Sirhowy Enterprise Way (Holdings) Limited
(Registered number: 04923004)**

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services; and
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Jenny Junnier (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditor
Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

Date: 29 / 03 / 2023

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Turnover	4	1,468	1,674
Cost of sales		(1,172)	(1,339)
Gross profit		<u>296</u>	<u>335</u>
Interest receivable and similar income	7	1,661	1,759
Interest payable and similar expenses	8	(1,005)	(1,129)
Profit before taxation		<u>952</u>	<u>965</u>
Tax on profit	9	(181)	(183)
Profit for the financial year		<u>771</u>	<u>782</u>
Other comprehensive income			
Fair value movement of derivatives	9	1,530	913
Income tax relating to other comprehensive income	9	(184)	(174)
Other comprehensive income		<u>1,346</u>	<u>739</u>
Total comprehensive income		<u>2,117</u>	<u>1,521</u>

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Consolidated Statement of Financial Position 31 March 2022

	Notes	2022 £'000	2021 £'000
Current assets			
Debtors: amounts falling due within one year	14	2,275	2,159
Debtors: amounts falling due after more than one year	14	25,103	26,868
Cash in hand	15	3,907	4,730
		<u>31,285</u>	<u>33,757</u>
Creditors: amounts falling due within one year	16	<u>(2,501)</u>	<u>(2,431)</u>
Net current assets		<u>28,784</u>	<u>31,326</u>
Total assets less current liabilities		28,784	31,326
Creditors: amounts falling due after more than one year	17	<u>(29,645)</u>	<u>(33,523)</u>
Net liabilities		<u>(861)</u>	<u>(2,197)</u>
Capital and reserves			
Called up share capital	21	50	50
Cash flow hedging reserves	22	(1,324)	(2,670)
Retained earnings	22	413	423
Shareholders' funds		<u>(861)</u>	<u>(2,197)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 / 03 / 2023 and were signed on its behalf by:



.....
P Hepburn
Director

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Company Statement of Financial Position 31 March 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments	12	50	50
Current assets			
Debtors: amounts falling due after more than one year	14	145	363
Debtors: amounts falling due within one year	14	243	256
		<u>388</u>	<u>619</u>
Creditors: amounts falling due within one year	16	<u>(243)</u>	<u>(256)</u>
Net current assets		<u>145</u>	<u>363</u>
Total assets less current liabilities		195	413
Creditors: amounts falling due after more than one year	17	<u>(145)</u>	<u>(363)</u>
Net assets		<u>50</u>	<u>50</u>
Capital and reserves			
Called up share capital	21	50	50
Shareholders' funds		<u>50</u>	<u>50</u>

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company's profit for the year was £781,000 (2021: £825,000)

The financial statements were approved by the Board of Directors and authorised for issue on 28 / 03 / 2023 and were signed on its behalf by:



.....
P Hepburn
Director

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022

	Called up share capital £'000	Retained earnings £'000	Cash flow hedging reserves £'000	Total equity £'000
Balance at 1 April 2020	50	466	(3,409)	(2,893)
Changes in equity				
Profit for the year	-	782	-	782
Cashflow hedges gains	-	-	913	913
Tax relating to other comprehensive income	-	-	(174)	(174)
Total comprehensive income	-	782	739	1,521
Dividends	-	(825)	-	(825)
Balance at 31 March 2021	50	423	(2,670)	(2,197)
Changes in equity				
Profit for the year	-	771	-	771
Cashflow hedges gains	-	-	1,530	1,530
Tax relating to other comprehensive income	-	-	(184)	(184)
Total comprehensive income	-	771	1,346	2,139
Dividends	-	(781)	-	(781)
Balance at 31 March 2022	50	413	(1,324)	(861)

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Company Statement of Changes in Equity for the Year Ended 31 March 2022

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020	50	-	50
Changes in equity			
Profit for the year	-	825	825
Dividends	-	(825)	(825)
Balance at 31 March 2021	50	-	50
Changes in equity			
Profit for the year	-	781	781
Dividends	-	(781)	(781)
Balance at 31 March 2022	50	-	50

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from operations	23	1,512	3,111
Interest received		-	25
Tax paid		(196)	(185)
Movements in other financial activities		1,478	4,861
Net cash from operating activities		<u>2,794</u>	<u>7,812</u>
Cash flows from financing activities			
Repayment of secured and unsecured loans		(1,817)	(1,826)
Interest paid		(1,019)	(1,133)
Equity dividends paid		(781)	(825)
Net cash from financing activities		<u>(3,617)</u>	<u>(3,784)</u>
Increase in cash and cash equivalents		(823)	4,028
Cash and cash equivalents at beginning of year	24	4,730	702
Cash and cash equivalents at end of year	24	<u>3,907</u>	<u>4,730</u>

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

1 Statutory information

Sirhowy Enterprise Way (Holdings) Limited is a private company, limited by shares. The Company was incorporated in the United Kingdom, registered in England and Wales and is domiciled in the United Kingdom. The Company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £'000.

The principal activities of the Group are disclosed in the directors' report.

2 Accounting policies

2.1 Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the provisions of Section 1A "Small Entities", and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The accounting policies adopted by the directors are described below and have been applied consistently throughout the current and prior year except as noted below.

2.2 Group financial statements

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006.

2.3 Going concern

Sirhowy Enterprise Way (Holdings) Limited (the 'Company') exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made.

The Group is in a net liabilities position as at 31 March 2022. The net current assets of the business are positive, however due to the inclusion of the derivative liability (and the resulting loss) on balance sheet which hedges an off-balance sheet exposure, the Group is in a net deficit position.

The Directors have reviewed the Group's forecasts and projections, considering future cash requirements and forecast receipts, which show the Group can continue to meet its debts as they fall due.

They have run various stress scenarios which show that the Group can continue to meet all its debt obligations (including covenant compliance and the funding of reserves) in the next 12 months and that it is appropriate to prepare the financial statements on a going concern basis.

The directors, therefore, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

2.4 Accounting for PFI contracts

The Group has taken advantage of exemptions made available under section 35 10 (i) of FRS 102, and as such there has been no substantial change to the treatment of the financial asset receivable due to the adoption of the standard.

Under the terms of the contract, substantially all the risks and rewards of ownership of the property remain with the Caerphilly County Borough Council.

During the period of construction, costs incurred as a direct consequence of financing, designing and constructing the roads, including finance costs, are capitalised and shown as work in progress. On completion of the construction, credit is taken for the deemed sale, which is recorded within turnover. The construction expenditure and associated costs are reallocated to cost of sales. Amounts receivable are classified as a financial asset receivable (PFI debtor).

Revenues received from the customer are apportioned between:

- capital repayments;
- finance income; and
- operating revenue.

2.5 Service concessions

The Group has been established to provide services under certain private finance agreements with Caerphilly County Borough Council. Under the terms of these agreements, the Council (as grantor) controls the services to be provided by the Group over the contract term. Based on the contractual arrangements the Group has classified the project as a service concession arrangement, and has accounted for the principal asset, of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

2.6 Cash investments

Cash investments are stated at cost excluding any accrued interest and with no provision for impairment in value.

2.7 Investments in subsidiary undertakings

Investments in subsidiary undertakings are held at the cost of the shares and the face value of the loan less any provision for impairment in value.

2.8 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial instruments - continued Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate unless they are included in a hedging arrangement.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

2.9 Hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the fair value of the derivative financial instrument is recognised directly in the statement of comprehensive income as other comprehensive income or expense. Any ineffective portion of the hedge is recognised immediately in profit or loss.

Where hedge accounting recognises a liability then an associated deferred tax asset is also recognised.

2.10 Cash flow hedges

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods in which the hedged item affects profit or loss, or when the hedging relationship ends.

Hedge accounting is discontinued when the entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at the time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

2.11 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items or income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

2.12 Deferred Tax

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

Key sources of estimation uncertainty

Accounting for the service concession contract and finance asset require an estimation of service margins, finance asset's interest rate and associated amortisation profile which is based on forecast results of the PFI contract.

Critical judgements in applying the Group's accounting policies

Derivative financial instruments are held at fair value and the applicability of hedge accounting are detailed below.

Derivative financial instruments

The Company holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract. See Note 19 for further information.

Hedge accounting

The directors consider the Company to have met the criteria for cash flow hedge accounting: the Company has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as deferred taxation thereon.

The Group's borrowings are linked to LIBOR and the Company has entered into interest rate swaps to restrict its exposure to future interest rate fluctuations. The UK Financial regulator (the FCA) have legislated that GBP LIBOR will cease to be published after 31 December 2021. The Company have undergone a review alongside relevant lenders to establish an alternative to LIBOR and the Company will transition to SONIA after 30 September 2022. For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the new interest rate benchmark will be on an economically equivalent basis to LIBOR and therefore the Group will continue to apply hedge effectiveness throughout the transition period. This will be reassessed after the transition period once the terms of the change are finalised.

The fair value of the swaps recorded in the accounts are based on Mark to Market estimates provided by the Bank. It is expected that changes to the hedging instrument and the loan will be materially consistent and limited to the transition from LIBOR to the new benchmark, as both the loan and the swap will be transitioned to the new benchmark at similar times in a broadly matching fashion.

4 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Group.

An analysis of turnover by class of business is given below:

	2022 £'000	2021 £'000
Turnover from operations	1,458	1,652
Turnover from passed through costs	10	22
	<u>1,468</u>	<u>1,674</u>

Turnover, which is stated net of value added tax, represents amounts invoiced for services provided, and is recognised each year as the applicable portions of the amounts receivable relating to finance and operating costs calculated on a consistent basis (see accounting policy note 2.4).

Turnover, which is attributable to one geographical market, the United Kingdom, can be analysed as above. Turnover from pass throughs in the current year and previous year relate to utilities and variations.

5 Employees and directors

The Group and the Company had no employees during the year (2021: nil).

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

6 Gross profit

The gross profit is stated after charging:

	2022 £'000	2021 £'000
Auditor's remuneration:		
Audit services for the audit of the Company and subsidiary borne by the subsidiary	14	14
Tax compliance services	5	7
	<u>19</u>	<u>21</u>

7 Interest receivable and similar income

	2022 £'000	2021 £'000
Bank interest	-	4
Interest receivable on financial asset	1,661	1,755
	<u>1,661</u>	<u>1,755</u>

8 Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest on bank overdrafts and loans	949	1,046
Interest payable to group undertakings	56	83
	<u>1,005</u>	<u>1,129</u>

9 Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax	181	183
Tax on profit	<u>181</u>	<u>183</u>

UK corporation tax has been charged at 19% (2021: 19%).

For the year ended 31 March 2022, the UK corporation tax rate of 19% is applied (2021: 19%).

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Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

9 Taxation (Continued)

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax will increase to 25% therefore the deferred tax asset at 31 March 2022 has been calculated based on a rate of 25% (2021: 19%).

The Company has no tax losses (2021: nil). There is a deferred tax asset relating to the interest rate derivative which will unwind over the term of the hedging arrangement. All movements in the deferred tax have been recognised in other comprehensive income.

	2022 £'000	2021 £'000
Profit before taxation	952	965
Expected tax charge on the standard rate of corporation tax in the UK Of 19% (2021: 19%)	181	183
Taxation charge for year	181	183

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £'000	2021 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	184	174

10 Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

11 Dividends

	2022 £'000	2021 £'000
Ordinary shares		
Dividends declared and paid of £781.00 per share (2021: £825.00)	781	825

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

12 Fixed asset investments

Company

		Group		Company	
		2022	2021	2022	2021
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	13	-	-	50	50
		<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>

Movement in fixed asset investments
Company

		Shares in group undertakings £'000
Cost		
At 1 April 2021 and 31 March 2022		<u>50</u>
Net book value		
At 31 March 2021 and 31 March 2022		<u>50</u>

13 Subsidiaries

Details of the Company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of % Held shares held Direct
Sirhowy Enterprise Way Limited	C/O Dalmore Capital Limited, Watling House - 5th Floor, 33 Cannon Street, London. EC4M 5SB	Ordinary shares 100.00

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Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

14 Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	411	439	-	-
Financial asset	1,573	1,473	-	-
Amounts owed by group undertakings	-	-	243	256
Prepayments, accrued income and other debtors	291	247	-	-
	<u>2,275</u>	<u>2,159</u>	<u>243</u>	<u>256</u>
Amounts falling due after more than year:				
Financial asset	24,661	26,242	-	-
Amounts owed by group undertakings	-	-	145	363
Deferred tax asset	442	626	-	-
	<u>25,103</u>	<u>26,868</u>	<u>145</u>	<u>363</u>
Aggregate amounts	<u>27,378</u>	<u>29,027</u>	<u>388</u>	<u>619</u>

The deferred tax asset is to be relieved against future profits; the Group anticipates having sufficient future profits to relieve the loss against.

15 Cash

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>3,907</u>	<u>4,730</u>	<u>-</u>	<u>-</u>

The Group is obligated to keep cash reserves at the balance sheet date and 30th September in respect of requirements in the Group's funding agreements. This restricted cash balance, included above, amounts to £2,402,000 (2021: £2,137,000) as at the balance sheet date.

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Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

16 Creditors: amounts falling due within one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts owed to parent undertakings (see note 19)	243	256	243	256
Bank loan (see note 19)	1,600	1,600	-	-
Trade creditors	105	22	-	-
Other taxation	207	230	-	-
Accruals and deferred income	49	323	-	-
Unitary charge control account	297			
	<u>2,501</u>	<u>2,431</u>	<u>243</u>	<u>256</u>

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts owed to parent undertakings (see note 19)	145	363	145	363
Bank loan (see note 19)	13,842	15,443	-	-
Derivative financial instruments measured at fair value through profit or loss	1,767	3,297	-	-
Unitary charge control account	13,891	14,420		
	<u>29,645</u>	<u>33,523</u>	<u>145</u>	<u>363</u>

Amounts included above which fall due after five years are as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Payable by Instalments	<u>6,868</u>	<u>8,633</u>	<u>-</u>	<u>-</u>

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Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

18 Financial Instruments

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	1,767	3,297	-	-

Derivative Financial Instruments

The swaps have a fixed interest rate of 5.21% and expire in 2030. The interest rate swaps settle on a semi-annual basis. The floating rate on interest rate swaps was six months' LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedged of variable interest rate risk of the Group's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the derivative financial instruments above comprise the fair value of the interest rate swap designated in an effective hedging relationship. The change in fair value of the interest rate swap that was recognised in other comprehensive income in the period was a gain of £1,530,000 (2021: gain of £913,000).

19 Loans and overdrafts

An analysis of the maturity of bank loan is given below:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank loans	15,442	17,043	-	-
Loans from group undertakings	388	581	388	581
	<u>15,830</u>	<u>17,624</u>	<u>388</u>	<u>581</u>
Payable within one year	1,818	1,818	218	218
Payable after one year	13,987	15,806	145	363
	<u>15,805</u>	<u>17,624</u>	<u>363</u>	<u>581</u>

The loans are secured by a fixed and floating charge over the assets of the Group and a charge over the shares of the Group.

Bank Loans

The Group has a £40,200,000 facility provided by a syndicate of banks in order to finance the construction of the project. This loan is repayable in instalments based on an agreed percentage amount of the total facility per annum from 2007 to 2031.

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Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

The loan is secured by a charge over the shares of the Group.

Interest on the facility was charged at rates linked to LIBOR. The Group has entered into a fixed interest swap to mitigate its interest exposure. The fixed rate of the facility is therefore 5.21%, and accretes and amortises in line with the expected profile of the drawdowns and repayments.

Subordinated Debt

At the year end, the Group owed £362,000 (2021: £581,000) of subordinated debt principal and £25,000 (2021: £38,000) of subordinated debt interest to the immediate parent company, Craighouse UK 3 Limited.

The subordinated debt is unsecured and is subject to interest at 12% bi-annually. Principal repayments are payable bi-annually until 2023.

20 Deferred Taxation

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 £'000	2021 £'000
Group		
Deferred tax on interest rate swap fair value	442	626

	Group 2022 £'000	Company 2022 £'000
Movements in the year		
Asset at 1 April 2021	(626)	-
Charge to other comprehensive income	184	-
Asset at 31 March 2022	(442)	-

The deferred tax asset in relation to the interest rate liability is expected to affect profit or loss over the period to maturity of the interest rate swap.

21 Called up share capital

	Group and Company	
	2022 £'000	2021 £'000
Allotted, issued and fully paid		
50,000 Ordinary shares with a £1 nominal value	50	50

On incorporation 50,000 ordinary shares were issued at £1 each. They carry no right to fixed income.

The notes on pages 14 to 28 form part of these financial statements

Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

22 Reserves

Group	Retained earnings £'000	Cash flow hedging reserve £'000	Total £'000
At 1 April 2021	423	(2,670)	(2,247)
Profit for the year	771	-	771
Dividends	(781)	-	(781)
Cash flow hedging movement	-	1,530	1,530
Deferred tax on swap movement	-	(184)	(184)
At 31 March 2022	<u>413</u>	<u>(1,324)</u>	<u>(911)</u>

Company	Retained earnings £'000
At 1 April 2021	-
Profit for the year	781
Dividends paid	(781)
At 31 March 2022	<u>-</u>

The profit and loss reserve represents the cumulative profits or losses.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed ineffective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

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Sirhowy Enterprise Way (Holdings) Limited (Registered number: 04923004)

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

23 Reconciliation of profit before taxation to cash generated from operations

	2022 £'000	2021 £'000
Profit for the year after tax	771	782
Taxation charged	181	183
Finance costs	(656)	1,128
Investment income	-	(4)
	<u>296</u>	<u>2,089</u>
Decrease in trade and other debtors	1,466	1,292
Increase/(decrease) in trade and other creditors	(250)	(270)
Cash generated from operations	<u>1,512</u>	<u>3,111</u>

24 Analysis of changes in net debt

	At 1 April 2021 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 2022 £'000
Net cash				
Cash and cash equivalents	4,730	(823)	-	3,907
	<u>4,730</u>	<u>(823)</u>	<u>-</u>	<u>3,907</u>
Debt				
Debts falling due within 1 year	(1,818)	1,817	(1,805)	(1,843)
Debts falling due after 1 year	(19,102)	-	3,348	(15,754)
	<u>(20,920)</u>	<u>1,817</u>	<u>1,543</u>	<u>(17,597)</u>
Total	<u>(16,190)</u>	<u>994</u>	<u>1,543</u>	<u>(13,690)</u>

25 Ultimate controlling parent

The Company's ultimate parent is Jura Holdings Limited which is owned by a consortium jointly led by funds managed by Dalmore Capital Limited and Equitix Investment Management Limited. The directors regard Jura Holdings Limited as the ultimate parent of the Company. The directors consider that there is no ultimate controlling entity.

The ultimate parent companies of the Company are Coral Project Investments LP and Dalmore Capital Fund LP, both operating in the United Kingdom and acting by their manager Dalmore Capital Limited, who jointly control Environments for Learning Limited. In the opinion of the directors, these two entities ultimately control the Company.

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Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022 (Continued)

26 Related party transactions

No guarantees have been given or received.

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions between Group entities which have been eliminated on consolidation are not disclosed within the financial statements.

As a wholly owned subsidiary of Jura Holdings Limited, the Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Section 33, not to disclose related party transactions with other undertakings in the Jura Holdings group. A copy of the financial statements of Jura Holdings Limited can be obtained from its registered office at 1st Floor, South Esplanade, St Peter Port, Guernsey, GY1 1AJ.